



# Excise Tax Advisory

---

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

---

NUMBER: 548.04.114

CONVERSION DATE: July 1, 1998

## USE OF MARKET COMPARISONS BY GOLF BUSINESSES REPORTING ON THE "ACTUAL RECORDS OF FACILITIES USAGE" METHOD

Issued August 20, 1990

This ETB is a clarification, and not a change, in the Department's position regarding the calculation of the fair market value of a round of golf for the purpose of determining the taxable value of club initiation fees and membership dues.

It is often difficult for persons who are in the golf business to distinguish the amounts of the initiation fees and dues received which are related to nontaxable membership privileges from the amounts received which are for playing golf (taxable under the retailing B&O and retail sales taxes). WAC 458-20-114 provides three methods which the business may use to identify the specific taxable amounts. One of these methods is the "actual records of facilities usage".

Under the "actual records of facilities usage" method the taxpayer is required to maintain actual records of the facilities usage. The taxpayer's records must reflect the nature of the specific goods and services provided and the frequency of use by the membership. The frequency may be shown either from a tally of times used or a periodic study of the average membership use of facilities. The taxpayer multiplies the usage by the fair market value of a round of golf to arrive at the taxable amount. A taxpayer may determine the fair market value of a round of golf by market comparison.

There has been considerable confusion and differences of opinion as to how the market comparison shall be made. In order to administer this particular section of Rule 114 and to maintain uniformity among this class of taxpayers, the Department has determined that taxpayers who wish to use a market comparison must follow the procedure outlined below.

---

***ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.***

To inquire about the availability of receiving this document in an alternate format for the visually impaired or language other than English, please call (360)753-3217. Teletype (TTY) users please call 1-800-451-7985.

---

Please direct comments to:  
Department of Revenue  
Legislation & Policy Division  
P O Box 47467  
Olympia, Washington 98504-7467  
(360) 753-4161 eta@DOR.wa.gov

Both public and private golf courses must be considered in the market comparison. The taxpayer must use the weighted averages (weekend and weekday rates should be weighted by a factor of two and five respectively) of eighteen holes of golf at the ten closest public courses, and the ten closest private courses (including itself as one of the courses). Linear map distances (as opposed to road mileage) will be used to select the courses for comparison; however, courses across major bodies of water not accessible by bridge will not be considered. The average will be recalculated as of April 1 of each calendar year, and may be used until the next recalculation.

If the taxpayer is located in a less populated area of the state with relatively few golf courses, the Department may, at the request of the taxpayer, approve the use of five public and five private courses in making the market comparison.

The taxpayer must retain the worksheets, documents, and any other information which was used in making the market comparison as part of its business records for a period of five years.